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ABSTRACT

Specific demographic changes that occurred in the New York City metropolitan area during the 1980s are described, and the challenges and opportunities facing the city in the 1990s are explored. The 1980s saw the greatest increase in the diversity of the city in its history, but sharp inequality, running along racial and ethnic lines, persists in spite of increasing diversity. This inequality has resulted in a polarization by race, and to some extent, ethnicity, that can be seen in the high occurrence of residential segregation. The persistence of residential segregation and the rise of the underclass have severe intergenerational consequences. These two phenomena conspire to perpetuate educational segregation. Many city communities are permeated by the underclass, and are poorest in resources and quality. Coupling increased educational requirements of the economy with the deteriorating educational achievement of the poorest city residents has worsened the income of racial and ethnic minorities. The challenge of the 1990s is to correct this spiral and lessen educational and economic gaps. By focusing directly on raising educational levels, while removing the bias in employment, the economic situation of disadvantaged ethnic and racial minorities can be directly improved. (Contains 14 tables and 53 references.) (SLD)

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THE MULTICULTURAL POPULATION OF NEW YORK CITY:

A SOCIOECONOMIC PROFILE OF THE MOSAIC

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1. INTRODUCTION

The racial and ethnic makeup of New York City underwent a dramatic change in the last decade. More than ever before, in the 1980s and early 1990s, the City became a highly complex mosaic of diverse populations, many new to the American scene. If the immigrant population moving to the United States in recent years has been impressive, the contingent moving to New York City has been massive. From 1982 to 1992, close to one million immigrants from over 160 countries moved to the City. In 1992 alone, it is estimated that 120,600 legal immigrants located in New York. According to the 1990 U.S. Census of Population, a fully 28.4 percent of the New York City population in 1990 was born in a foreign country. This compares to a 23.6 percent foreign-born population in 1980.

This increased diversity opens new opportunities. It also opens a pandora's box of challenges. For instance, the variety of languages now heard in the streets and neighborhoods of the City is astounding. Walking in Manhattan, one can easily find people speaking —and signs written in— Spanish, Russian, Chinese, Korean, Haitian Creole, Polish, Portuguese, Greek, Indian, and more. In fact, over 40 percent of the people in New York City speak a language other than English at home. This linguistic diversity makes New York City a great place for international trade. There is no difficulty finding people here who speak almost any foreign language imaginable. On the other hand, the immigrant flow has posed a major linguistic challenge to the schools and the labor market. In order to communicate effectively and succeed in the American labor market, English language proficiency is a major requirement (see Grenier, 1984; Chiswick, 1991; and Rivera-Batiz, 1992). Yet, many of the new New Yorkers do not know how to speak, write, or read English well. The U.S. Census of Population indicated that over 20 percent of the residents of New York in 1990 did not know English "very well."

The growing multicultural nature of the population is reflected in the City's schools. The new New Yorkers are young people and they tend to have larger families than the average American. As a result, the public school student population of New York has sharply increased over the last few years, reversing a downward trend existing since the early 1970s. Over the past three years more than 120,000 immigrant students from 167 different countries have enrolled in the City's schools. Not only are facilities strained to the limit because of lack of space, but schools find themselves with no teachers who can understand the languages of their students (and their parents).

It is the goal of this paper to document the specific demographic changes that occurred in the New York City metropolitan area during the 1980s and to define the challenges and opportunities facing the City in the 1990s. It begins by describing New York's multicultural mosaic of peoples, showing how the 1980s saw the greatest increase in the diversity of the City in its history. It then demonstrates that sharp inequality, running along racial and ethnic lines, persists in the City despite its growing diversity. This inequality has resulted in a polarization by race, and to some extent ethnicity, that can be seen in the extent of residential segregation, which continues at very high levels and appears to be rising. The inequality appears also in income levels. The paper will document the wide socioeconomic gaps existing among the various populations of the City.

We also find substantial differences in socioeconomic status within aggregate ethnic/racial groupings. For instance, the variation in the economic performance of the various groups composing the so-called White population is remarkable. On average, White households have the highest income in the City, much higher than Black Americans and Hispanics, in particular. Yet, some White

groups –such as persons of Greek ancestry– exhibit socioeconomic status close to that of some Hispanic and African groups. Others, such as individuals with Russian ancestry, have among the highest household incomes in New York. A similar pattern occurs within the Asian population. There is a broad gulf between the socioeconomic status of persons with Vietnamese and Japanese ancestry: in terms of income per person, the Japanese population in New York City has more than twice the income of the Vietnamese population. The Hispanic and African populations also exhibit great diversity, as we will document below.

Even within a specific racial/ethnic group, socioeconomic status varies significantly. For instance, the social and economic condition of women in New York City remains significantly below that of men, for all ethnic/racial groups. However, the 1980s saw a big push in the move towards sexual equality. Occupational distributions of men and women in the 1990s look increasingly more similar to each other. Women are now more visible in the higher-paying occupations that men dominate. And, in many occupations, women have wages which are much closer to those of men.

The wide variability in the socioeconomic experience of the various racial, ethnic and gender groups in New York City is more than ever related to education. This is due to the rising importance of skill and education in the labor market. This phenomenon, in turn, is associated with a number of factors. Technological change in the workplace, such as the introduction of computers over the last decade have led to greater skill requirements for many jobs. Flexible manufacturing, introduced in recent years by many American firms, mandates that workers must have the thinking skills necessary to adjust quickly to shifts in production. The use of electronics in general in the workplace requires basic programming skills and a minimum of quantitative literacy. Industrial

restructuring and the reduction in the relative supply of high-paying blue-collar jobs have resulted in depressed labor market conditions for workers in certain regions. Most displaced workers with low levels of education are never able to recover their previous standards of living (see Jacobson, Lalonde and Sullivan, 1993).

Jobs are requiring more and better education. Post-secondary education now appears to be essential for success in the labor market. Yet, many of the groups whose population is rising in the City do not receive the quality education that will stimulate the pursuit of post-secondary education. A wide array of factors is associated with this failure. Some factors are family or community-related, including family disorganization and teenage pregnancy. Others are broader institutional and societal forces, such as inequities in school finance and racial and ethnic segregation. The 1980s did not see much progress in many of these areas and the 1990s do not appear to offer much more promise. This leaves the City with a major paradox. The growing ethnic and racial diversity so proudly displayed is being matched by an intensifying inequality for which no prode can be taken. Changing this pattern is the real challenge for New York in the 1990s.

2. IMMIGRATION, RACE, AND ETHNICITY IN NEW YORK CITY

The population of New York City increased from 7,071,639 in 1980 to 7,322,564 in 1990. This increased number of residents masks wide shifts in the presence of particular racial and ethnic groups in the City. The so-called White population, for instance, declined sharply. At the same time, the Hispanic and Asian communities grew markedly in response to a massive flow of immigrants.

Table 1 disaggregates the population of New York City in 1980 and 1990, by

race and ethnicity. The categories included in Table 1 are: Whites (non-Hispanic), Blacks (non-Hispanics), Hispanics, Asian/Pacific Islanders, and other groups. Several clarifications must be made about the nature of these classifications. The population is assigned to these categories on the basis of self-identification as established in individual responses to questionnaires administered by the U.S. Census of Population. Persons answering the questionnaires include themselves in each group (or not) depending on whether they believe that they belong in the particular racial/ethnic category. There is no biological or scientific basis to racial or ethnic identity. Both race and ethnicity are social constructs.[1] Individuals identify with a particular racial or ethnic grouping depending on their own perception of whether they do or do not fit the racial/ethnic construct. Racial or ethnic identity is thus subjective, and is responsive to class, family, geographical location and gender [see, for instance, Smith and Seltzer, 1992). In fact, for both Whites and Blacks, personal notions of racial identification can undergo significant shifts over time in response to personal and social change (Helms and Carter, 1990). Furthermore, the use of racial aggregates such as Black and White does not negate the additional identification of individuals within these groups according to ethnic categories. People under the Census category of Whites might better describe themselves ethnically as being of German, Russian, or Irish ancestry. Similarly, the Black

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[1]The social construction of racial definitions is represented by the history of the U.S. Census of Population questions themselves. In early census enumerations, the term "mulatto" was included as a category in addition to "Black." In 1890, persons were instructed to record the exact proportion of their "African blood," and in 1920 the race question was changed to define "Black" as any person with Black ancestry, eliminating the mulatto category. Up to 1960, however, Census racial identification was based on the perception of questionnaire interviewers about the respondent's race. Only in 1960 was the current race question, which asks persons to self-identify as Black, White or other, introduced.

population might be Jamaican, Haitian, and so on. There may be wide differences among persons within a given racial category if we disaggregate the group into various ethnic sub-categories.

In the case of the Hispanic population, the great majority of persons do not identify themselves in racial terms, whether it is White or Black (see Rodriguez, 1989). In Census questionnaire responses, when asked about their racial identity, most Hispanics will usually respond as "other," or they will write-in an ethnic identification, such as "Hispanic," "Latino," or "Puerto Rican." As a result, most social scientists create a separate category for identifying the Hispanic population. The Census questionnaire asks specifically if the person is of Spanish/Hispanic origin. All persons classifying themselves as such are then considered to be Hispanic. The Asian/Pacific Islander population also largely does not identify itself on a White/Black basis. There is therefore again a separate category for persons identifying themselves as Asians. The remaining persons in the population are gathered together as `other" in Table 1. These represent mostly Native-Americans. but there is also a small number of people who do not identify themselves with any of the specified racial/ethnic groups.

The increase in the population of New York City in the 1980s was fueled predominantly by growth of Hispanics and Asians. Table 1 presents the changes in the racial and ethnic composition of the population of New York in the 1980s. As can be seen, the White population *declined* by 540,078 people during this time period, dropping from over 3.7 million in 1980 to less than 3.2 million in 1990. The Black population rose, but only slightly. The number of Blacks in New York grew by 152,544 persons, from 1.69 million in 1980 to 1.85 million in 1990. Hispanics, on the other hand, increased substantially, expanding by 377,122

persons, and rising from 1.4 million in 1980 to 1.8 million in 1990. The Asian and Pacific Islander population grew even faster, more than doubling its size in the 1980s. The number of Asians and Pacific Islanders in the City increased by 250,513, expanding from 239,338 people in 1980 to 489,851 in 1990.

The changing demographics in the 1980s have made New York City more multicultural than ever before. The "white flight" observed in the 1980s, much of it to suburban areas in the states of New York, Connecticut, and New Jersey, was replaced by a variety of old and new immigrant groups. Hundreds of thousands of U.S. immigrants located in New York City during the 1980s, including both documented and undocumented immigrants. Table 2 depicts the various groups of legal immigrants to the U.S. moving to New York between 1982 and 1992. During this time period, the total number of immigrants locating in New York City was 898,213. The countries sending the largest flow of legal immigrants were: the Dominican Republic, followed by Jamaica, China, Guyana, Haiti, the former Soviet Union, Colombia, India, Korea and Ecuador.

The undocumented population is, of course, much more difficult to measure. However, the Immigration and Naturalization Service (INS) recently estimated the number of undocumented immigrants living in New York State, a great part of whom reside in New York City. Table 3 shows these estimates[2]. It is calculated that a total of 490,100 illegal aliens were residing in the state of New York in October 1992. Some of the countries from which these immigrants come from are as

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[2]The figures are obtained by estimating the size of two groups of illegal immigrants: (1) aliens who are admitted legally on a temporary basis and do not depart or apply for legal permanent residence (calculated from INS information), and (2) aliens who enter without inspection, estimated by comparing the number of immigrants moving to the U.S. during a certain period of time as given by Census data with the actual number of immigrants admitted to the U.S. during that period of time. For more details, see New York City Department of City Planning (1993b) and Passel and Woodrow (1987).

is expected by popular perception, such as the Dominican Republic, Haiti, or Jamaica. Some are not. For instance, the estimates by INS are that 25,800 persons from Poland were residing illegally in New York State, 16,900 from Ireland, 14,600 from Pakistan, 13,500 from Israel, 3,900 from the former Soviet Union, and 1,700 from the United Kingdom. How many of these illegal aliens reside in New York City? INS estimates are for the state of New York but some imputations about the proportion residing in New York City can be made. In 1986, the Immigration Reform and Control Act (IRCA) made undocumented aliens who had continuously resided in the United States since January 1, 1982 eligible for temporary resident status.[3] A total of 1,760,978 people applied for legalization under this program. Of these, 119,617 were residing in the state of New York and 106,181 in the city of New York. This implies that close to 90 percent of the illegal alien population in New York State reside today in New York City. Assuming that this residential proportion has been sustained to the present, the implication is that over 441,000 undocumented immigrants reside today in New York City. Given the IRCA-related opportunities for legalization of illegal aliens moving to New York before 1980, one can safely assume that the greatest majority of the undocumented workers currently residing in New York came to the City in the 1980s.

The large number of immigrants moving to New York City has had many consequences. One of them is the swelling of the number of immigrant children in the schools. Immigrants tend to be young compared to the general population, and a greater proportion of them have school-age children, mostly in public schools. Table 4 shows the number of immigrant children in New York City public schools,

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[3]For a discussion of IRCA and its consequences, see Rivera-Batiz, Sechzer, and Gang (1991).

decomposed by country of origin. The accumulated number of immigrant children enrolled in New York City's public schools during 1989-90, 1990-91 and 1991-92 was 120,000. The largest group consisted of children from the Dominican Republic (23,000), followed by Jamaican children (10,000), and Russian children (8,000). This surge of immigrant children in recent years has reversed a downward trend in school enrollments that started in the early 1970s. It has led to overcrowding of classrooms and to a severe straining in the capacity of the teaching staff. Consider the following example, one among many, described by Berger (1992): "One elementary school, P.S. 19 in Elmhurst, in Queens School District 24, has 2,100 students from 45 different countries and is so crowded that it equals the size of many high schools, which draw from far larger geographical areas."

Many of the immigrant children enrolling in New York City schools have very little knowledge of English. As a consequence, the number of limited English proficient (LEP) students has rapidly climbed over the last few years. Between 1987 and 1992, the number of LEP students in New York City public schools rose from 86,128 to 133,951, an increase of over 50 percent in a period of five years.[4] Associated with this has been a deteriorating performance of New York City elementary and middle school students in national English reading proficiency tests. In 1987, the percentage of New York City elementary and middle school students in the lowest national quartile in reading was 27 percent, but by 1992, the percentage was above 30 percent.

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[4] Based on data presented by the New York City Department of City Planning (1992a).

3. THE RESIDENTIAL DISTRIBUTION OF NEW YORKERS

New York City has become a more complex multicultural mosaic in recent years. But it remains a mosaic whose colors are not highly interspersed. Racial and ethnic segregation continues to permeate the City.

The History of Segregation in New York

Table 5 presents the racial and ethnic composition of the five boroughs of New York: the Bronx, Brooklyn, Manhattan, Queens, and Staten Island. The distribution of the population by race/ethnicity is far from even. This is clearly demonstrated by comparing the borough of Staten Island with that of the Bronx. In Staten Island, Whites constitute 80 percent of the population and the Black population only 7.4 percent. In the Bronx, on the other hand, the White population is only 22.6 percent of the total while the Black population represents 30.7 percent.

Part of the racial and ethnic unevenness in the distribution of the population in New York is due to neighborhood patterns associated with the clustering of in-migrant groups that choose to live near family members or earlier movers. At the same time, there is also sociological evidence that residential segregation and bias have also contributed to the unevenness in the distribution of ethnic and racial groups in the City. This is reinforced by the fact of housing discrimination, that continues to the present.

Sociologists have adopted a variety of measures of residential segregation. One of the most common, and simplest, measures is the index of residential

residential life in northern cities around the time of the Civil War reveal little systematic exclusion from White neighborhoods on the basis of skin color" (Massey and Denton, 1993, pp. 19-20). Only after the massive internal migration of Blacks to New York at the beginning of the century do we find a sudden rise in the level of Black-White residential segregation. White resistance to the greater presence of Blacks led both to racial violence and to an effort to segregate Blacks into ghettoes. As Massey and Denton (1993, p. 30) observe: "As the tide of violence rose in northern cities, blacks were increasingly divided from whites by a hardening color line in employment, education, and especially housing. Whites became increasingly intolerant of black neighbors and fear of racial turnover and black 'invasion' spread...In white eyes, black people belonged in black neighborhoods no matter what their social or economic standing: the color line grew increasingly impermeable." In New York City, the race riot of August 1900, in which the White population terrorized the Black population, marked the beginning of a period of retrenchment in race relations. Writing in 1911, the Reverend Dr. W.H. Brooks, one of the most prominent leaders of the African American community in New York at the time (founder of the National Association for the Advancement of Colored People and the National Urban league), commented: "Assaults...upon innocent colored people and the growing insolence of race prejudice in the freest of all American cities have become alarming" (quoted in Osofsky, 1963, p. 35). In a few decades, a city that had seen considerable Black-White residential contact became highly segregated, with a great number of Black residents moving to Harlem.

Suburbanization and Segregation

The growing racial segregation within cities occurring during the first half of the century was followed by another trend during the second half, a trend which has further separated some racial and ethnic groups from others. This is the massive expansion of suburban metropolitan areas. The suburbanization of America from the 1950s to the present has been accompanied by a dramatic decline in the White population of cities. At the same time, the Black, Hispanic and Asian populations of cities have boomed. This segregating trend, which continues to this day, was documented earlier for the case of New York (see also Kantor and Brenzel, 1993).

Table 7 presents data for the index of dissimilarity for a number of American cities in 1980. The index is first presented for Black-White segregation. It is also presented for Hispanic-White segregation, Puerto Rican-White segregation and Asian-White segregation. With respect to Black-White segregation, Table 7 shows New York City to be the second most segregated city in the sample, behind Chicago. A total of 81.9 percent of the Black population of New York in 1980 would have had to move in order to distribute the Black population evenly —relative to Whites— across the City. Both the Hispanic-White and the Asian-White indexes of dissimilarity are substantially below the Black-White index in New York City. The index of Asian-White dissimilarity in New York City is 0.481, suggesting that 48.1 percent of the Asian population would have to move in order to distribute that population uniformly in New York. This does not suggest serious residential segregation. In fact, estimates of the extent of segregation of Irish and German immigrants from native-born Whites in the earlier part of this century yield dissimilarity indexes that range from D = 0.20 to D

= 0.45. Discussion of the Hispanic population must be qualified by noting that the extent of Puerto Rican segregation from Whites is closer to Black segregation from Whites. In fact, as Table 7 indicates, the index of dissimilarity between Puerto Ricans and Whites in Boston and Philadelphia is greater than between Blacks and Whites in these cities. In Philadelphia, the index of dissimilarity between Puerto Rican and Whites is 0.793 while between Blacks and Whites it 0.788. Massey and Denton (1989) have suggested that the mixed racial makeup of Puerto Ricans makes them subject to greater residential segregation when compared to other Hispanics.

Economic Effects of Segregation

The sharp residential segregation based on race or ethnicity existing today in New York City is dangerous for many reasons. One of the most important ones is that residential segregation is one of the major causes of the expansion of the so-called "urban underclass." Although the underclass term was used earlier by social scientists such as Gunnar Myrdal and Douglas Glasgow, it was the University of Chicago sociologist William Julius Wilson who popularized the term in his 1987 book, *The Truly Disadvantaged*. The underclass, according to Wilson (1987, p. 41), represents: "individuals who lack training and skills and either experience long-term unemployment or are not members of the labor force, individuals who are engaged in street crime and other forms of aberrant behavior, and families that experience long-term spells of poverty and/or welfare dependency." The growth of the underclass is closely linked to the concentration of low-income minorities in certain neighborhoods within cities *and* the growing concentration of minorities within poor central cities, as opposed to wealthier

suburban areas. Wilson and a number of other social scientists suggest three explanations for the marked deterioration of economic opportunities for low-income Blacks and Hispanics leading to the massive expansion of the underclass:[6] (1) the flight of manufacturing jobs from central cities to the suburbs in the northcentral and northeastern United States, (2) the general drop in the demand for unskilled labor in the United States, and, (3) the rebound of employment and residential discrimination on the basis of race and ethnicity. In combination, these three forces have left many displaced Black and Hispanic workers with sharply curtailed employment opportunities, generating the vicious circle of poverty and social deterioration linked to the underclass.

Educational Effects of Segregation

The persistence of residential segregation and the rise of the underclass have severe inter-generational consequences. The two phenomena conspire together to perpetuate educational segregation. American education is community-oriented. The country's public school finance system is based on local finance. To a large extent, local property taxes finance community elementary and secondary educational expenditures. Therefore, the great majority of residents in any given American community send their children to neighborhood schools. Schools in communities where Blacks or other minorities are concentrated because of racial segregation will have mostly Black or other minority students. Because many of these communities in New York and other cities are permeated by the underclass, their schools are often the poorest in resources and in quality. For instance,

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[6] For more details on the debate surrounding the underclass, see Katz (1993) and Jencks and Peterson (1991).

the average expenditure per pupil in the city of New York is currently less than one half the expenditure per pupil in some wealthy suburban school districts, such as Great Neck or Manhasset (see New York State Department of Education, 1993; Kozol, 1991).

The effort to racially desegregate schools through legal means gathered momentum in the 1950s. The movement was highly successful in desegregating schools that were segregated for reasons not related to residential separation. In the South, for instance, the percentage of Black students in schools with a majority White student body grew from 19.1 percent in 1968 to 45.1 percent in 1976. At the same time, school segregation linked to residential separation remained to a large extent untouched by this movement, protected by a number of legal rulings in the late 1960s and early 1970s. The earlier-noted suburbanization trends of the 1970s and 1980s augmented the extent of school segregation on this basis. This has become a particularly severe problem in the Northeast, where the residential segregation plus underclass phenomena have collaborated *to increase* the extent of school segregation over the last 20 years. Between 1968 and 1988, the percentage of Black students in schools with a majority White student body in the Northeast declined from 33.2 percent to 22.7 percent. The urgency of dealing with school equity through public policy in New York City and in other cities is reflected in the following comments by Harvard political scientist Gary Orfield (1993, p. 259): "The nature of isolation in inner-city segregated schools is more comprehensive and its consequences more devastating today. Many of these schools not only are isolated by race but also have very few middle-class students or even students from intact families...It is not only Blacks but also Hispanics who are trapped in this situation...The costs of being trapped in schools where most students drop out, where there is

little real competition, and where the achievement scores of minority students are extremely low, are much higher now than they were the last time there was a serious national debate over urban desegregation."

4. A DEMOGRAPHIC AND SOCIOECONOMIC PORTRAIT OF NEW YORK CITY

Previous sections have focused on describing New Yorkers according to aggregate racial and ethnic constructs. Following the Bureau of the Census categorization, these are: Whites, Blacks, Hispanics, Asian and Pacific Islanders, and others. There is, however, substantial diversity within each of these categories. This section examines this diversity.

Demographic Diversity

Among the White population, one can differentiate a wide array of ethnic groups within the City. Recent sociological studies suggest that ethnic identity within the White population coincides to a great extent with ancestry. For the foreign-born, of course, ancestry is closely related to place of birth. For the native-born, the determinants of ethnic identity are harder to define because of the great extent of inter-marriage and assimilation among the various groups of Whites in the population. Most of the German, Italian, Irish, and other waves of immigrants arriving earlier in this century gave way to second and third generations whose language was English, who moved out of ethnic enclaves, and who married persons from other European ancestries (see Neidert and Farley, 1985; Lieberson, 1988). Although the wide extent of integration among White groups led to the melting pot view of American identity, the fact is that, even after many

generations, Whites still strongly identify themselves with particular European ancestries. Some consider this ethnic identity as symbolic, especially in light of the much wider cultural differences between White Americans, African Americans, Hispanic Americans, and Asian Americans (see Waters, 1990; Steinberg, 1989). Most current researchers agree, however, that ethnic identity does not constitute a superficial part of the psychological makeup of a person.[7] In fact, the persistence of such identity suggests that it remains a critical component of a person's self-esteem and a key part of how the person sees the world. This finding serves as a basis for differentiating among the various ethnic groups comprising the White population. It also applies to Blacks, Hispanics and Asians.

Table 8 shows the composition of the population in New York City in 1990 according to ancestry group. The first group considered is the non-Hispanic White population. The largest group among Whites is Italians, which constituted 26.5 percent of the White population in 1990. This is followed by the Irish (16.9 percent), German (12.5 percent), Russian (9.5 percent), Polish (9.4 percent), English (5.5 percent), and Greek (2.6 percent). Among Non-Hispanic Blacks, the largest group identifying a particular ancestry is the Non-Hispanic Caribbean (West Indians, according to the Census), which includes Haitian, Jamaican, and other ancestries. The total number of persons of Caribbean ancestry in New York City was 391,744 in 1990. The second largest ancestry group is the African ancestry group, with 50,195 persons. A large proportion of the Black population -76.1 percent- did not claim specific ancestries; the great majority of this population consists of native-born Blacks.

The largest Hispanic group in New York City is of Puerto Rican ancestry. A

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[7] See Glazer and Moynihan (1970) and Alba (1990). This viewpoint developed as a reaction to the melting pot theory, typified by the work of Robert Park (1950), based at the University of Chicago.

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total of 896,763 Puerto Ricans resided in New York in 1990, equal to 50.3 percent of the Hispanic population. This is followed by the Dominican population (constituting 18.7 percent), Colombian (4.7 percent), Ecuadorean (4.4 percent), Mexican (3.5 percent) and Cuban (3.1 percent). Within the Asian population, the largest group is of Chinese ancestry. A total of 238,919 persons catalogued themselves of Chinese ancestry in the 1990 Census, constituting 48.8 percent of the New York City population. This was followed by Asian Indians (19.3 percent of the Asian population), Koreans (14.2 percent), Filipinos (8.8 percent), and Japanese (3.4 percent).

Socioeconomic Disparities

Table 9 presents basic indicators of socioeconomic status among the major racial/ethnic groups in New York City. The data are for 1989 and based on the 1990 U.S. Census of Population. The average income of a household in New York City during the year of 1989 was $47,886. However, there are considerable deviations from this average according to race and ethnicity. At one extreme stands the White population, with an annual income of $59,582 in 1989, which is much greater than the average for New York. At the other extreme is the Hispanic population, with an average household income of $30,088, radically below the average. In between these two extremes are, first, the Asian population, whose average household income of $48,314 in 1989 slightly exceeded the average for the City, and, secondly, the Black population, whose average household income of $36,248 was significantly above that of Hispanics but also sharply below the overall New York average.

Table 9 also exhibits the economic disparities within racial/ethnic groups.

Among the White population, for example, persons of Russian ancestry had the highest level of household income in 1989: $72,375. This compares with the $49,687 obtained by persons of Greek ancestry. Within the Black population, persons indicating African ancestry had the highest household income in 1989: $43,006. Other Blacks, predominantly native-born Blacks, had the lowest household income within the Black population: $33,915 in 1989. Among Hispanics, the Cuban population has the highest income, equal to $45,317 in 1989. The Puerto Rican population has the lowest household income both among Hispanics and among new Yorkers: $26,119. Close to the Puerto Rican population are persons of Dominican Republic ancestry whose annual household income was $27,496 in 1989. Among Asians, the Vietnamese had the lowest household income: $39,558 in 1989. The Asian group with the highest household income was the Japanese, with $73,283 in 1989, the highest among New Yorkers.

The figures on household income reflect major disparities. This inequality is sharpened when the measures of economic well-being shift from households to individuals. The reason is that, in many cases, those groups with the lowest household income also have the largest number of persons living in a typical household. Differences in income per person —*per capita income*— are widened compared to gaps in *household* income. Table 9 shows the number of persons in the average family of the different racial/ethnic groups considered. Note that Russian and Japanese families, which have the highest income in New York, also are among the groups with the lowest average number of family members. Similarly, families of Puerto Rican and Dominican ancestry, which have the lowest income in the City, are also among the groups with the largest family size. Among Puerto Ricans, the average number of persons per family in 1989 was 4.00, compared to 2.66 persons in the average Russian family.

Considering per-capita income, as opposed to household income, magnifies differences in ethnic and racial outcomes. Table 9 shows that Blacks in New York City had 47.9 percent of the per-capita income of Whites in 1989 ($10,598 for Blacks versus $22,103 for Whites). Hispanics had 37.2 percent of White income per-capita; and Asians 57.5 percent of White income per-capita. For particular ethnic and racial groups, the magnitude of the differences in income within the City is abysmal. For instance, in 1989 the per-capita income among Puerto Ricans was $7,579 while that of persons with Russian ancestry was $29,990. Individuals of Puerto Rican ancestry in New York City thus had an average of 25.3 percent of the per-capita income of persons of Russian ancestry. The gap is worse for persons from the Dominican Republic, whose per-capita income of $6,248 is the lowest in New York City.

The extreme income variation among groups in New York City is reflected in the poverty rates. Families below the poverty level are those whose income is below a minimum threshold level that the Census Bureau considers essential for family members to be able to buy the food necessary to maintain appropriate nutrition levels. These poverty income thresholds vary with family size and with the number of children in the family. For a family consisting of two adults with two children the poverty level in 1989 was $12,674.

Table 9 shows that the proportion of people living in families below the poverty level in New York City in 1989 was 16.1 percent. Among the White population, however, the poverty rate was only 7.5 percent. For Blacks, the poverty rate was 22.5 percent; for Hispanics, 31.6 percent; and for Asians, 14.5 percent. As can be expected from the discussion above, the group with the highest poverty rate was the Puerto Rican population, with 37.5 percent of its population below the poverty level. This was followed by persons with Dominican Republic

ancestry, whose poverty rate was 36.2 percent, and the Vietnamese, whose poverty level was 28.4 percent.

The second half of the 1980s were a time of economic boom for New York City. On average, this economic progress increased the income of most New Yorkers. Table 10 shows that, measured in real terms (adjusted for inflation), the per-capita income of New Yorkers rose from $7,212 in 1979 to $9,530 in 1989. This corresponds to an annual average increase in income of 3.2 percent per year during the decade. This income expansion was not equally shared, however. Although the White population of New York City experienced a sharp increase in real income, the population of almost all other groups increased at a slower rate. Indeed, for some groups income grew hardly at all, when adjusted for inflation. For instance, the figures in Table 10 indicate that persons from the Dominican Republic increased their per-capita income only from $3,345 to $3,697 during the decade.

The faster growth in the income of the richest people in the City during the 1980s has led to increased inequality. In relative terms, when compared to Whites, Blacks, Hispanics, and Asians all on average had lower economic standing in 1989 than in 1979. In 1979 Blacks had achieved 52.6 percent of the per-capita income of Whites. By 1989, this proportion was down to 47.9 percent. Similarly, the proportion of Hispanic per-capita income relative to White per-capita income dropped from 43.4 percent in 1979 to 37.2 percent in 1989. For the Asian population, per-capita income relative to Whites declined from 70.2 percent in 1979 to 47.5 percent in 1989.

Numerous forces determine these changes in income. Demographic shifts in the population of the City, related to immigration and emigration, explain some of it. For instance, the unusual reduction in the income of Asians relative to

Whites is mostly related to the massive influx of foreign-born Asians during the 1980s. Because of their relatively young age, a general lack of knowledge of English, and the general trend towards lower skills exhibited by U.S. immigrants in recent decades, these recent immigrants perform substantially below the native-born economically.

Perhaps the strongest force determining economic outcomes is education. Do differences in education explain the wide gaps among various ethnic and racial groups in New York City? What about the changes in relative economic outcomes over time? Are they related to shifting educational achievement? The next section examines this issue.

5. EDUCATIONAL ATTAINMENT IN NEW YORK CITY

The racial and ethnic diversity of educational attainment in New York is as great as that of income. Indeed, the two are highly correlated.

Table 11 displays the educational status of the population of New York City. The analysis covers persons 25 years of age or older, most of whom have completed their education. On the average, the White residents of New York have the highest levels of education. According to Census figures, in 1990 as much as 31.6 percent of the White population in New York had completed college and only 21.4 percent lacked a high school diploma. On the other hand, the Hispanic population had the lowest average level of education in New York. The Census data indicate that only 8.5 percent of the Hispanic population in 1990 was completing college and as much as 51.8 percent did not have a high school diploma. Among Blacks, the situation is slightly better than for Hispanics, with 13 percent having completed college and 34.2 percent having no high school diploma. Among Asians, the

distribution of education appears to be bimodal, with a comparatively high proportion of people having a college degree *and* also a high proportion not completing high school. As much as 35.4 percent of the Asian population had completed college in 1990, but 35.2 percent had not finished high school. This bimodal distribution -with a high proportion of people at high and low levels of the educational distribution- is partly due to ethnic differences within the Asian population, which is discussed next.

Table 11 presents the educational attainment of the various ethnic groups comprising the population of New York. Note the great variability within each aggregate racial and ethnic category. Note also how this variability coincides very closely with the dispersion of income noted earlier. Within the Asian group, for instance, the Japanese are the most educated, with 60 percent of the group completing college in 1990. The Japanese are also the group with the highest per-capita income among Asians. By comparison, only 20.5 percent of the Vietnamese population had completed college in 1990 and close to 50 percent of this population had not even received a high school diploma. The Vietnamese also represent the Asian group with the lowest economic status in New York.

Among Hispanics, the group with greater educational attainment is the Cuban population. This is also the group with the highest per-capita income. According to the Census, a total of 22.9 percent of the Cuban population in New York had completed college in 1990. By contrast, the Puerto Rican population had the lowest education in New York City, with only 3.7 percent of the group having a college degree in 1990. In 1990, as much as 65 percent of the Puerto Rican population of New York City had not completed high school, the highest for the City. People from the Dominican Republic follow Puerto Ricans at the bottom of the educational ladder in New York, with only 5 percent of this population having

completed college in 1990 and 62 percent having no high school diploma or certificate. Both Puerto Ricans and Dominicans are also at the bottom of the economic ladder in New York, as was established earlier.

The Black population exhibits substantial diversity in educational attainment, and it again correlates well with the distribution of income. Among Blacks, persons registering African ancestry were the most educated, with 28.4 percent of that population having completed college in 1990 and only 20.1 percent having no high school diploma. On the other hand, Blacks claiming no particular ancestry had the lowest level of education. People in this category, which consists mostly of native-born Blacks, had an 11.6 percent college completion rate in 1990 and 36.9 percent had not completed high school. This educational pattern follows the economic status pattern discussed earlier: the per-capita income of Blacks stating an African ancestry was higher than that of Blacks claiming no specific ancestry.

There are also wide gaps in educational attainment among Whites. For instance, according to the Census only 11.1 percent of the Russian population in New York City had not completed high school in 1990. By contrast, as much as 37 percent of the Greek population had not received a high school diploma or certificate. Note that this pattern is identical to the one for economic outcomes: among Whites, the Russian population of New York has the highest income and Greeks the lowest. The Russian population also has the highest college completion rate among Whites. According to the Census, 48.9 percent of this group completed college in 1990.

Substantial educational changes occurred in the population of New York City in the 1980s. These changes are due to complex forces. Some are due to shifts in the educational attainment of local, native-born New Yorkers. However, some of

the changes can be related to demographic changes. Increases in the population due to immigration can alter the educational composition of a particular ethnic and racial group: the new New Yorkers may be very different from the existing population. In addition, during a period as long as a decade a large number of people leave the City. We saw earlier how, on a net basis, hundreds of thousands of White New Yorkers left the City in the 1980s. Many Blacks, Hispanics and Asians have also left, although, on a net basis, more people from these racial and ethnic groups have arrived in the City than have left. Those persons leaving New York may again have different educational attainment compared to those who are left behind, changing the educational landscape of the City.

Consider the case of the Asian population, which had the greatest immigration levels during the 1990s. Table 12 provides the educational distribution of New Yorkers in 1980 compared with 1990. The Table is simplified by showing only the proportion of the population in the highest and lowest categories of attainment, which are, respectively, college completion and lack of a high school diploma. Table 12 shows that the average educational attainment of the New York City Asian population declined in the 1980s. The proportion of college graduates dropped from 37.5 percent in 1980 to 35.4 percent in 1990. In addition, the proportion of Asians who had not completed a high school education rose from 31.8 percent to 35.2 percent. A similar situation occurred among some Hispanic groups. Among Puerto Ricans, for instance, who constitute the majority of the Hispanic population of New York, the proportion completing college declined, from 4.3 percent in 1980 to 3.7 percent in 1990. At the same time, the proportion not completing high school rose from 61.9 percent in 1980 to 65 percent in 1990.

The situation among some groups of Hispanics and Asians contrasts sharply

with that among the White population. On average, the proportion of the White population with a college degree rose from 24.8 percent in 1980 to 31.6 percent in 1990. The proportion of Whites with less than a high school diploma, on the other hand, declined from 30.3 percent to 21.4 percent. For the Black population, there was also an increase in educational attainment, although much less significant when compared to the White population. The proportion of Blacks with a college degree in New York rose from 9.8 percent to 13 percent between 1980 and 1990, while the proportion without a high school diploma or certificate dropped from 48.5 percent to 34.2 percent.

6. THE LINK BETWEEN EDUCATION AND ECONOMIC OPPORTUNITY

The previous section documented the widening educational gap between the White population and most other ethnic and racial minorities in New York City. The gap is growing the most with respect to Hispanics and, in particular, Puerto Ricans and Dominicans. We have also seen how these changes coincide with the shifting economic status of the various ethnic/racial groups in the City. Many forces other than education affect income, including age and on-the-job experience, participation in vocational and other training programs, and employment and wage discrimination. Education, however, constitutes the major force influencing personal income.[8] This section documents how education is becoming increasingly important in determining individual income.

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[8]For surveys examining the determinants of income, see Polachek and Siebert (1993). The important role of racial and ethnic discrimination as a determinant of labor market outcomes has been documented recently by Turner, Fix and Struyk (1991), and Cross, Kenney, Mell and Zimmermann (1990). The significance of government employment as a determinant of income opportunities for particular racial and ethnic groups within urban areas has been discussed by Rivera-Batiz (1991b).

Recent research has found that the economic gains from obtaining a greater education have increased enormously during the 1980s and early 1990s (see Blackburn, Bloom & Freeman, 1990; Levy and Murnane, 1992; Murphy and Welch, 1993; Juhn, Murphy and Pierce, 1993). Associated with this augmented economic return to education is: (1) a drop in the income of workers with low levels of education, combined with (2) increased income for those with high levels of education. Table 13 presents the change in the wages of full-time, year-round workers in the United States between 1978 and 1989. When adjusted for inflation, the wages of the average worker in the United States declined by 3.6 percent during the time period considered. However, the extent of the reduction in wages depends on the person's place on the educational ladder. As Table 13 shows, workers with less than a high school education suffered the greatest decline in wages, equal to a drop of 14.3 percent during the 1978-1989 period. Workers with a high school diploma but no college also suffered wage losses, amounting to 8.3 percent. At the same time, workers with a college degree actually received an *increase* in their wages of 7.9 percent, when adjusted for inflation.

Much research has been undertaken to determine the cause of the rise in the returns to education, especially in urban areas. Economic restructuring, in the form of a flight of blue-collar manufacturing from urban to suburban areas, replaced with an increase in white-collar service sector employment in the cities, has been postulated as an explanation for the drop of economic opportunities for unskilled, blue-collar workers (see Kasarda, 1989; Wilson, 1989). However, studies examining this hypothesis find that economic restructuring cannot explain most of the drop in the wages of unskilled workers

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when compared to skilled laborers.[9] For instance, the second column of Table 13 shows the average changes in wages, by educational level, occurring *within industries* during the 1979 to 1989 period. The figures indicate that, within an average industry in the United States, the wages of workers without a high school education declined by 11.4 percent during the time period while the wages of workers with college degrees went up by 5.6 percent. Comparison of columns one and two of Table 13 allows the conclusion that within-industry changes explain most of the shifting wage structure in the United States.

Other studies have tried to explain the shifting American wage structure by focusing on: (1) the labor market effects of increased immigration, which has augmented the relative supply of unskilled workers in the U.S. during the 1980s; and (2) the increased import competition suffered by the United States from developing countries during this time period and the resulting decrease in the demand for unskilled labor (see Borjas, Freeman and Katz, 1992). Still, the significance of these factors in explaining the rise in the return to education is also limited (see Bhagwati and Dehejia, 1993).

The research by economists Kevin Murphy of the University of Chicago, Finis Welch of UCLA, and Alan Krueger of Princeton suggests that most of the drop in the wages of unskilled workers relative to educated labor in the United States during the 1980s is related to technological change in the workplace (see Murphy and Welch, 1993; Krueger, 1993). These technological changes, such as those relating to the use of computers, reduced the demand for unskilled workers, shifting upwards the demand for highly-educated labor. The result was an increase in the wage premium paid to education in the labor market. These technical

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[9] See Bailey and Waldinger (1991) for a discussion of the hypothesis within the context of New York City.

changes occurred across the board in terms of industries and regions. Flexible manufacturing, introduced in recent years by American firms in many industries, represents a managerial and technological system oriented to manufacturing new products quickly. The system has been installed in response to global competitive forces requiring firms to generate new models and products rapidly to markets changing rapidly. But flexible manufacturing requires workers with the thinking skills necessary to adjust quickly to shifts in production. As Bailey and Berryman (1992, p. 3) have argued: "Whenever these changes occurred [in the shift to flexible manufacturing], they ended up reducing the number of low-skill jobs, restructuring some share of low-skill jobs to require higher-level skills, and changing what workers needed to know, how they needed to use their knowledge, and the long-term value of any current stock of knowledge and skill." These changes were not restricted to manufacturing. Even in service, trade, communications, and other industries the relative demand for unskilled labor declined. The use of electronics in general in the modern workplace —whether in services, commerce or manufacturing— requires basic programming skills and a certain minimum level of quantitative literacy.[10]

Technological change, industrial restructuring, and the reduction in the relative supply of high-paying blue-collar jobs have all resulted in depressed labor market conditions for workers in certain regions. Most displaced workers with low levels of education are never able to recover their previous standards of living (see Jacobson et al., 1993). The drop in the wages of those with less than a high school education, and the rising economic premium associated with higher education, have led to what is now recognized as a historical change in

[10]For a discussion of the role played by greater quantitative skills in raising the probability of employment in the labor market, see Rivera-Batiz (1992).

the American wage structure during the 1980s.

The shifting American wage structure during the 1980s had its impact on New York City. Table 14 shows the average earnings of workers residing in New York City first for 1979 and then for 1989 (the 1989 earnings have been adjusted for inflation). The first two rows of Table 14 indicate that the earnings of male New Yorkers rose by 14.1 percent and those of female New Yorkers increased by 21.9 percent. The faster growth in the earnings of women relative to men implies a narrowing of the male-female earnings gap. Indeed, in 1980, men in New York earned 30.9 percent more than women. By 1989, this gap was down to 22.6 percent.

Although the average earnings of workers in New York City increased during the 1980s, the wages of those who have not completed high school declined during the same time period (adjusted for inflation). As Table 14 displays, the inflation-adjusted earnings of male workers with less than a high school education dropped by 1 percent while the drop among women without a high school degree was 3.8 percent. For high school graduates, earnings slightly increased during the 1980s, a total of 0.5 percent for men and 2.7 percent for women. For people with some college education, the income changes in the 1980s were positive. For men with some college education, earnings during the 1980s went up by 10.5 percent while for women the increase in earnings was 11.2 percent. For college graduates, the earnings improvement was substantial: For men, earnings went up by 23.5 percent; among women, the increase was 30.1 percent. The largest gains occurred for men and women with some post-college education. For men in this group, the earnings gain during the 1980s was equal to 47.4 percent. For women, the corresponding gain was 45.9 percent.

The data suggest that higher education is associated with higher income. Furthermore, the returns to education increased to a remarkable extent in New

York during the 1980s. In 1979, men with a college degree in New York had earnings that were 29.5 percent higher than men with just a high school diploma. By 1989, men with a college degree in New York had earnings that were 118 percent higher than men with just a high school diploma. In other words, the returns of a college degree relative to a high school diploma close to doubled in New York during the 1980s. Among women, a college degree in New York in 1979 was associated with earnings 65.8 percent higher than a high school diploma. By 1989 a college degree was worth 164 percent more than a high school diploma, more than double its value in 1979.

7. CONCLUSIONS: THE MOSAIC AT THE CROSSROADS

New York City is at the crossroads of major demographic, social, and economic changes. These changes move the City dangerously in a spiral of growing inequality by race and ethnicity. At the center of this spiral is education. Increased educational requirements in the economy, combined with deteriorating educational achievement among the poorest in the City, have worsened the income of racial and ethnic minorities compared to the White population. It is the challenge of the 1990s to deconstruct this spiral which is now permeating almost every aspect of life in the City.

Demographically, the 1980s dramatically changed the ethnic and racial landscape of New York City. The population of New York grew by close to one quarter of a million people in the 1980s. This expansion, however, was not uniform across the various ethnic and racial groups in the City. The increased population was fueled predominantly by growth of Hispanics and Asians, whose population rose by close to 630,000. The Black population also rose, by close to

150,000 persons. By contrast, the White population of New York actually declined by over half a million during this time period.

Most of the increased population in New York is related to immigration. Close to 900,000 legal immigrants moved to New York City between 1982 and 1991. The countries sending the largest flow of legal immigrants to New York in the 1980s were: the Dominican Republic, followed by Jamaica, China, Guyana, Haiti, the former Soviet Union, Colombia, India, Korea, and Ecuador. In terms of illegal immigration, we estimate that close to 440,000 aliens are currently living in New York City, the greatest majority of whom moved to America during the 1980s. The countries from which the illegal aliens come from reproduce the pattern of legal immigration, and include the Dominican Republic, Haiti, and Jamaica. However, a large number of illegal aliens do come from countries not usually linked to undocumented migration, such as Poland, Ireland, Pakistan, Israel, Republics in the former Soviet Union, and the United Kingdom.

Because of these demographic changes, New York City became a more complex multicultural mosaic in the 1980s. But it remains a mosaic whose colors are not highly interspersed. Racial and ethnic segregation continue to permeate the City. The distribution of the population in New York by race/ethnicity is far from uniform. Part of the racial and ethnic unevenness is clearly due to neighborhood patterns associated with the clustering of in-migrant groups. This racial and ethnic separation is linked to choices made by movers seeking family members or earlier movers. At the same time, sociological evidence suggests that residential segregation and housing discrimination are also contributing factors.

The sharp residential segregation relating to race and ethnicity in New York today is one of the key causes of income inequality. Residential segregation has served to augment educational segregation and to sustain economic

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disadvantage. By clustering low-income minorities in central city neighborhoods with public educational systems suffering from financial and other difficulties, residential segregation maintains educational gaps between the minority and White populations. As this paper documents, these gaps are substantial and, for some ethnic minorities, they do not appear to be diminishing at all.

On the average, the White residents of New York have the highest levels of education in the City. According to Census figures, in 1990 as much as 31.6 percent of the White population in New York had completed college and only 21.4 percent lacked a high school diploma. On the other hand, the Hispanic population had the lowest average level of education in New York. The Census data indicate that only 8.5 percent of the Hispanic population in 1990 was completing college and as much as 51.8 percent did not have a high school diploma. Among Blacks, the situation is slightly better than for Hispanics, with 13 percent having completed college and 34.2 percent having no high school diploma. Among Asians, the distribution of education appears to be bimodal, with a comparatively high proportion of people having a college degree *and* also a high proportion not completing high school. As much as 35.4 percent of the Asian population had completed college in 1990, but 35.2 percent had not finished high school.

Remarkable as the differences in educational attainment in New York are, it is even more remarkable that, for most minority groups, the educational lag relative to Whites grew in the 1980s and, for some of the poorest groups, educational attainment actually *decreased* in the 1980s. Among Puerto Ricans, for instance, who constitute the majority of the Hispanic population of New York, the proportion completing college declined from 4.3 percent in 1980 to 3.7 percent in 1990. At the same time, the proportion not completing high school rose from 61.9 percent in 1980 to 65 percent in 1990. The situation is similar among

Asians. The proportion of college graduates among the Asian population declined from 37.5 percent in 1980 to 35.4 percent in 1990. In addition, the proportion of Asians not completing high school rose from 31.8 percent to 35.2 percent. This contrasts with the situation among Whites. On average, the proportion of the White population with a college degree rose from 24.8 percent in 1980 to 31.6 percent in 1990. The proportion of Whites with less than a high school diploma, on the other hand, declined from 30.3 percent to 21.4 percent. For the Black population, there was also an increase in educational attainment, although much less significant when compared to the White population. The proportion of Blacks with a college degree in New York rose from 9.8 percent to 13 percent between 1980 and 1990, while the proportion without a high school diploma or certificate dropped from 48.5 percent to 34.2 percent.

The growing educational gaps according to race and ethnicity in New York are associated with widening gaps in income. The second half of the 1980s was a time of economic boom for New York City. On average, this economic progress increased the income of most New Yorkers. Measured in real terms (adjusted for inflation), the per-capita income of New Yorkers rose from $7,212 in 1979 to $9,530 in 1989. This expansion is mostly explained by rising earnings, and it was shared by both men and women. Indeed, the earnings of male New Yorkers rose by 14.1 in the 1980s and those of female New Yorkers increased by 21.9 percent. The faster growth in the earnings of women relative to men implies a narrowing of the male-female earnings gap. In 1980, men in New York earned 30.9 percent more than women. By 1989, this gap was down to 22.6 percent.

This income rise, however, was not equally shared among the various racial and ethnic groups of new York. Although the White population of New York City experienced a sharp increase in real income, the population of almost all other

groups increased at a slower rate. Indeed, for some groups income grew hardly at all, when adjusted for inflation. For instance, persons from the Dominican Republic increased their per-capita income only from $3,345 to $3,697 during the decade. Puerto Ricans also exhibited a minimal increase in real income.

The faster growth in the income of the richest in the City during the 1980s has led to increased inequality. In relative terms, when compared to Whites, African Americans, Hispanics and Asians in New York all had on average lower economic standing in 1989 than in 1979. In 1979 Blacks had achieved 52.6 percent of the per-capita income of Whites. By 1989, this proportion was down to 47.9 percent. Similarly, the proportion of Hispanic per-capita income relative to White per-capita income dropped from 43.4 percent in 1979 to 37.2 percent in 1989. For the Asian population, per-capita income relative to Whites declined from 70.2 percent in 1979 to 47.5 percent in 1989.

What explains the rising income inequality on the basis of race and ethnicity in New York City? Perhaps the strongest force determining economic outcomes is education. The distribution of income is closely related to educational attainment. The higher the economic returns of education, the greater the income disparities generated by educational differences. And this is precisely what explains the rise in inequality among New Yorkers in the 1980s. Although the average earnings of workers in New York City increased during the 1980s, the wages of those who did not complete high school *declined* during the same time period (adjusting for inflation). The inflation-adjusted earnings of male workers with less than a high school education dropped by 1 percent while the reduction among women without a high school degree was 3.8 percent. For high school graduates, earnings slightly increased during the 1980s, a total of 0.5 percent for men and 2.7 percent for women. By contrast, for college graduates,

the income changes in the 1980s were highly positive and, in fact, quite remarkable. For men with some college education, earnings during the 1980s went up by 10.5 percent while for women the increase in earnings was 11.2 percent. For men with college degrees, earnings went up by 23.5 percent and among women the increase was 30.1 percent. The largest gains occurred for people with some post-college education. For men in this group, the earnings gain during the 1980s was 47.4 percent. For women, the corresponding gain was 45.9 percent.

These data suggest that the returns to higher education increased to a remarkable extent in New York during the 1980s. In 1979, men with a college degree in New York had earnings that were 29.5 percent higher than men with just a high school diploma. By 1989, men with a college degree in New York had earnings that were 118 percent higher than men with just a high school diploma. In other words, the returns to a college degree relative to a high school diploma close to doubled in New York during the 1980s. Among women, a college degree in New York in 1979 was associated with earnings 65.8 percent higher than a high school diploma. By 1989 a college degree was worth 164 percent more than a high school diploma, more than double its value in 1979.

The climbing rewards of education, combined with a growing lag in the educational attainment of ethnic and racial minorities relative to Whites go a long way toward explaining rising inequality in New York in recent years. There are two ways of breaking this spiral. One is to increase the demand for unskilled labor, whether through public employment or through tax-subsidy programs that attract industries intensive in unskilled labor. The public employment solution appears unrealistic at the present time. In a recessionary period, public sector budget austerity is the rule, in New York and elsewhere. In terms of attracting private industry there are also problems. The key difficulty with this type of

industrial policy is that, given nationwide trends, the comparative advantage of New York City in attracting industries intensive in unskilled labor has declined so much that the cost of bringing them to the City would be perhaps prohibitive. Sites in the southern United States or in Mexico are much more attractive than New York from the viewpoint of labor costs. Overall, policies to intercede with the growing spiral of inequality by raising the demand for unskilled labor constitute swimming against the stream.

. A more realistic alternative to break the spiral of inequality is to raise the educational levels of those ethnic and racial minorities with the greatest economic and skill disadvantage, both adults and children. Most of the public policies needed for doing so are well-known, although their application has been isolated, often at an experimental level. A major integrated effort is required that incorporates all the various components needed to raise educational attainment. These may include school desegregation programs, equity in school finance, adult literacy, workfare, English as a second language programs, workplace apprenticeships, tuition and financial aid, etc.

By focusing directly on raising educational levels, while removing bias in employment, the economic situation of disadvantaged ethnic and racial minorities can be directly improved. The opportunities for highly-educated workers that emerged in New York in the 1980s can then be shared across-the-board among the various race and ethnic groups. Such an approach recognizes the changing economy and adjusts to its requirements while eliminating the barriers that have kept some groups from sharing its benefits.

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TABLE 1

THE POPULATION OF NEW YORK CITY, BY RACE/ETHNICITY

	1980 Number of Residents	%	1990 Number of Residents	%
Overall Population	7,071,639	100.0	7,322,564	100.0
White	3,703,203	52.4	3,163,125	43.2
Black	1,694,505	24.0	1,847,049	25.2
Hispanic	1,406,389	19.9	1,783,511	24.4
Asian/Pacific Islander	239,338	3.4	489,851	6.7
Other	28,204	0.4	39,028	0.5

In this Table, as in other Tables below and in the text, the White and Black populations consist of the Non-Hispanic White and Black populations.

Source: New York City Department of City Planning (1992a).

TABLE 2

LEGAL IMMIGRANTS MOVING TO NEW YORK CITY FROM 1982 TO 1991*

Country of Origin	Immigrants	Country of Origin	Immigrants
Dominican Republic	151,712	Hong Kong	13,737
Jamaica	87,112	Poland	12,712
China	79,841	Honduras	11,381
Guyana	67,729	United Kingdom	11,054
Haiti	48,518	Israel	10,073
Former Soviet Union	36,593	Peru	9,920
Colombia	26,834	Pakistan	9,803
India	24,938	El Salvador	9,689
Korea	24,361	Barbados	9,450
Ecuador	22,857	Bangladesh	8,695
Philippines	19,791	Ireland	7,321
Trinidad and Tobago	19,342	Total	898,213

* Based on Immigration and Naturalization Service data.

Source: New York City Department of City Planning (1993a).

TABLE 3

ESTIMATED ILLEGAL ALIEN POPULATION RESIDING IN NEW YORK STATE, OCTOBER 1992*

Country of Origin	Immigrants	Country of Origin	Immigrants
Ecuador	27,100	Guyana	10,900
Poland	25,800	India	9,900
Dominican Republic	25,600	Honduras	9,500
Colombia	24,500	Philippines	8,100
Haiti	21,400	Bangladesh	5,900
Jamaica	21,200	Peru	5,300
Trinidad & Tobago	20,500	Barbados	4,500
Ireland	16,900	Soviet Union Rep.	3,900
El Salvador	15,300	Hong Kong	2,600
Pakistan	14,600	United Kingdom	1,700
Israel	13,500	Korea	1,200
China	12,700		
Trinidad and Tobago	19,342	New York State Total	490,100

* Estimates constructed by Immigration and Naturalization Service.

Source: New York City Department of City Planning (1993b).

TABLE 4

IMMIGRANT CHILDREN IN THE NEW YORK CITY PUBLIC SCHOOL SYSTEM

Immigrant Group	Number	Percent of Immigrant Children in Public Schools
Total	120,000	100.0
Dominican Republic	23,000	19.0
Jamaica	10,000	8.3
Russia	8,000	6.7
Guyana	7,000	5.8
China	7,000	5.8
Haiti	6,000	5.0
Trinidad	4,800	4.0
Mexico	4,200	3.5
Ecuador	3,800	3.2
Colombia	3,700	3.1
Korea	3,600	3.0

The figures are for the accumulated number of immigrant children enrolled in New York City public schools during 1989-90, 1990-91 and 1991-92.

Source: New York City Board of Education (1992).

TABLE 5

THE FIVE BOROUGHS OF NEW YORK CITY, BY RACE/ETHNICITY

	1980 Number of Residents	%	1990 Number of Residents	%
Borough of the Bronx				
Overall Population	1,168,972	100.0	1,203,789	100.0
White	401,856	34.4	272,503	22.6
Black	349,961	29.9	369,113	30.7
Hispanic	395,138	33.8	523,111	43.5
Asian/Pacific Islander	16,617	1.4	31,210	2.6
Other	5,400	0.5	7,852	0.6
Borough of Brooklyn				
Overall Population	2,230,936	100.0	2,300,664	100.0
White	1,095,946	49.1	923,229	40.1
Black	688,405	30.9	797,802	34.7
Hispanic	393,103	17.6	462,411	20.1
Asian/Pacific Islander	44,911	2.0	106,022	4.6
Other	8,571	0.4	11,200	0.5
Borough of Manhattan				
Overall Population	1,428,285	100.0	1,487,536	100.0
White	721,588	50.5	726,755	48.9
Black	290,561	20.3	261,120	17.6
Hispanic	335,247	23.5	386,630	26.0
Asian/Pacific Islander	74,096	5.2	106,306	7.1
Other	6,793	0.5	6,725	0.4
Borough of Queens				
Overall Population	1,891,325	100.0	1,951,598	100.0
White	1,183,038	62.6	937,557	48.0
Black	341,261	18.0	390,842	20.0
Hispanic	263,548	13.9	381,120	19.5
Asian/Pacific Islander	96,653	5.1	229,830	11.8
Other	6,825	0.4	12,249	0.7
Borough of Staten Island				
Overall Population	352,121	100.0	378,977	100.0
White	300,755	85.4	303,081	80.0
Black	24,317	6.9	28,172	7.4
Hispanic	19,353	5.5	30,239	8.0
Asian/Pacific Islander	7,061	2.0	16,483	4.3
Other	635	0.2	1,002	0.3

Source: New York City Department of City Planning (1992a).

TABLE 6

BLACK-WHITE RESIDENTIAL SEGREGATION IN NEW YORK AND OTHER CITIES THROUGH THE AGES

Metropolitan Area	1860	1940	1960
New York	0.406	0.868	0.793
Chicago	0.500	0.950	0.926
Miami	NA	0.979	0.979
Newark	NA	0.868	0.793
Phila.	0.471	0.888	0.871
Boston	0.613	0.863	0.839
Atlanta	NA	0.874	0.936

Residential Segregation is measured by the sociological index of residential dissimilarity. This index is equal to 0 if there is no segregation and 1.0 if the groups are totally segregated. It shows the proportion of the minority population that would have to move residence to achieve an even distribution of all groups within the city. The computations are based on U.S. Census of Population data and the unit of residence is a Census tract. The segregation index for 1860 is for free blacks vs. whites.

Source: Massey and Denton (1993), Tables 2.1 and 2.3.

TABLE 7

RESIDENTIAL SEGREGATION IN NEW YORK AND OTHER CITIES, 1980

Metropolitan Area	White-Black	Hispanic-White	Puerto Rican-White	Asian-White
New York	0.819	0.656	0.725	0.481
Chicago	0.878	0.635	0.806	0.439
Los Angeles	0.811	0.570	NA	0.431
Miami	0.778	0.519	0.455	0.298
Newark	0.816	0.656	0.764	0.344
Phila.	0.788	0.629	0.793	0.437
Boston	0.774	0.579	0.782	0.474
Paterson	0.815	0.722	0.777	0.404
El Paso	0.347	0.512	NA	0.237
San Franc.	0.717	0.402	NA	0.444

Residential Segregation is measured by the sociological index of residential dissimilarity. The computations are based on U.S. Census of Population data and the unit of residence is a Census tract.

Sources: Massey and Denton (1989) and Massey and Denton (1987).

TABLE 8

THE POPULATION OF NEW YORK CITY: A DETAILED BREAKDOWN BY RACE AND ETHNICITY

Ancestry Group	Number	Percent of Each Aggregate Category
White Population		
Italian	838,780	26.5
Irish	535,846	16.9
German	395,230	12.5
Russian	298,936	9.5
Polish	296,809	9.4
English	172,709	5.5
Greek	82,690	2.6
Hungarian	75,721	2.4
Austrian	69,427	2.2
French	64,231	2.0
Other	332,746	10.5
Total White Population	3,163,125	100.0
Black		
Haitian	126,695	6.8
Other Caribbean	265,049	14.3
African	50,195	2.7
Other	1,405,110	76.1
Total Black Population	1,847,049	100.0
Hispanic		
Puerto Rican	896,763	50.3
Dominican	332,713	18.7
Colombian	84,454	4.7
Ecuadorean	78,444	4.4
Mexican	61,722	3.5
Cuban	56,041	3.1
Salvadoran	23,926	1.3
Peruvian	23,257	1.3
Panamanian	22,707	1.3
Honduran	22,167	1.2
Other	181,317	10.2
Total Hispanic	1,783,511	100.0
Asian and Pacific Islander		
Chinese	238,919	48.8
Asian Indian	94,590	19.3
Korean	69,718	14.2
Filipino	43,229	8.8
Japanese	16,828	3.4
Other	26,567	5.5
Total Asian	489,851	100.0

Source: New York City Department of City Planning (1992b).

TABLE 9

THE SOCIOECONOMIC STATUS OF THE POPULATION OF NEW YORK CITY, 1990

Ancestry Group	Household Income	Persons in Family	Per-Capita Household Income	Poverty
New York City Average	47,886	3.59	16,106	16.1
White Population	59,582	3.11	22,103	7.5
German	63,420	2.84	25,930	4.6
Greek	49,687	3.38	16,567	8.4
Italian	53,520	3.26	18,070	6.8
Irish	62,811	3.16	21,960	5.1
Polish	61,216	2.83	24,316	6.9
Russian	72,375	2.66	29,990	7.3
Black Population	36,248	3.93	10,598	22.5
African	43,006	3.68	12,876	10.9
Haitian	39,983	4.64	9,586	16.8
Other Caribbean	42,939	4.07	11,741	12.6
Other Black	33,915	3.92	10,001	25.9
Hispanic Population	30,088	4.17	8,231	31.6
Central American	36,323	4.32	9,239	18.3
Cuban	45,317	3.14	15,708	14.1
Dominican	27,496	4.67	6,248	36.2
Mexican	36,923	5.00	8,617	20.2
Puerto Rican	26,119	4.00	7,579	37.5
South American	36,212	4.13	9,717	20.2
Asian Population	48,314	4.35	12,715	14.5
Asian Indian	49,106	4.51	12,615	12.0
Chinese	45,089	4.47	11,205	15.2
Filipino	64,847	4.10	17,205	4.8
Japanese	73,283	2.95	26,912	9.2
Korean	41,600	4.07	10,915	17.3
Vietnamese	39,558	4.40	9,672	28.4

Source: 1990 U.S. Census of Population and Housing 5% PUMS; see United States Department of Commerce (1993). Author's tabulations.

TABLE 10

CHANGES IN PER-CAPITA INCOME, NEW YORK CITY, 1980-1990, BY RACE/ETHNICITY

Ancestry Group	Per-Capita Income, 1980	Per-Capita Income, 1990	Per-Capita Household Income, 1990 Inflation-adjusted
New York City Average	7,212	16,106	9,530
White Population	9,230	22,103	13,079
Black Population	4,859	10,598	6,271
Hispanic Population	4,003	8,231	4,870
Asian Population	6,481	12,715	7,524

The inflation-adjusted data for 1990 per-capita income are in 1980 dollars and have been adjusted by the change in the Consumer Price Index for the New York Metropolitan Area between 1980 and 1990 as published by the U.S. Bureau of Labor Statistics.

Source: 1980 and 1990 U.S. Census of Population and Housing 5% PUMS; see United States Department of Commerce (1983) and (1993). Author's tabulations.

TABLE 11

THE EDUCATIONAL ATTAINMENT OF THE NEW YORK CITY POPULATION, 1990

Persons 25 years of age or older

Ancestry Group	Less than High School	High School	Some College	College
New York City Average	29.9	26.5	19.3	24.3
White Population	21.4	28.1	18.9	31.6
German	17.0	27.8	20.2	35.0
Greek	37.0	23.9	14.9	24.2
Italian	31.2	34.2	17.0	17.6
Irish	16.1	31.2	21.9	30.8
Polish	21.3	25.6	18.7	34.4
Russian	11.1	21.0	18.9	48.9
Black Population	34.2	28.2	24.5	13.0
African	20.1	21.8	29.7	28.4
Haitian	35.3	20.8	28.4	15.5
Other Caribbean	32.6	26.8	26.0	14.6
Other Black	36.9	28.2	23.3	11.6
Hispanic Population	51.8	22.5	17.2	8.5
Central American	50.1	22.8	19.8	7.3
Cuban	37.7	21.1	18.3	22.9
Dominican	62.0	17.8	15.1	5.0
Puerto Rican	65.0	20.3	11.0	3.7
South American	39.1	26.7	21.6	12.6
Asian Population	35.2	18.1	14.3	35.4
Asian Indian	25.9	20.5	13.1	40.7
Chinese	46.4	16.6	11.5	25.5
Filipino	10.8	12.0	17.2	60.0
Japanese	4.4	16.0	21.1	58.5
Korean	17.3	25.4	19.5	37.8
Vietnamese	48.7	23.0	7.7	20.5

Source: 1990 U.S. Census of Population and Housing 5% PUMS; see United States Department of Commerce (1993). Author's tabulations.

TABLE 12

CHANGES IN EDUCATIONAL ATTAINMENT IN NEW YORK CITY, 1980-1990

Persons 25 years of age or older

Ancestry Group	ATTAINMENT IN 1980 Less than High School	ATTAINMENT IN 1980 Completed College	ATTAINMENT IN 1990 Less than High School	ATTAINMENT IN 1990 Completed College
New York City Average	35.8	19.8	29.9	24.3
White Population	30.3	24.8	21.4	31.6
German	24.4	28.6	17.0	35.0
Greek	43.8	16.0	37.0	24.2
Italian	42.4	12.3	31.2	17.6
Irish	25.0	23.5	16.1	30.8
Polish	25.3	30.6	21.3	34.4
Russian	17.1	42.5	11.1	48.9
Black Population	38.5	9.8	34.2	13.0
African	24.7	28.4	20.1	28.4
Haitian	25.1	15.7	35.3	15.5
Other Caribbean	32.6	11.9	32.6	14.6
Other Black	40.7	8.9	36.9	11.6
Hispanic Population	57.2	7.1	51.8	8.5
Central American	46.3	9.7	50.1	7.3
Cuban	46.2	15.4	37.7	22.9
Dominican	72.0	3.8	62.0	5.0
Puerto Rican	61.9	4.3	65.0	3.7
South American	41.8	7.6	39.1	12.6
Asian Population	31.8	37.5	35.2	35.4
Asian Indian	22.9	44.6	25.9	40.7
Chinese	47.9	22.5	46.4	25.5
Filipino	12.0	68.1	10.8	60.0
Japanese	6.8	55.5	4.4	58.5
Korean	15.3	49.3	17.3	37.8
Vietnamese	43.2	19.0	48.7	20.5

Source: 1980 and 1990 U.S. Census of Population and Housing 5% PUMS; see United States Department of Commerce (1983) and (1993). Author's tabulations.

TABLE 13

CHANGES IN AMERICAN WAGES, 1978 - 1989

Group	All United States	Within Industries
All Workers	-3.6%	-3.0%
Workers with less than high school	-14.3	-11.4
Workers with high school diploma	-8.3	-6.4
Workers with a College Degree	7.9	5.6

Based on: Murphy and Welch (1993).

TABLE 14

THE ECONOMIC RETURNS TO EDUCATION IN NEW YORK CITY, 1980 AND 1990

Average Annual Earnings of Workers, 25-34 years old

Group		1980 Earnings (1980 $)	1990 Earnings (1980 $)	1990 - 1980 (% Change)
Overall New York City Population				
	Men	13,534	15,450	14.1%
	Women	10,340	12,605	21.9%
New York City Population, Disaggregated by Educational Level				
Less than High School	Men	9,038	8,945	-1.0%
	Women	6,282	6,043	-3.8%
High School Graduate	Men	12,188	12,255	0.5%
	Women	8,867	9,110	2.7%
Some College	Men	12,927	14,286	10.5%
	Women	10,412	11,584	11.2%
College Graduate	Men	15,786	19,496	23.5%
	Women	12,242	15,934	30.1%
Post-College Education	Men	17,230	25,393	47.4%
	Women	13,072	19,073	45.9%

The inflation-adjusted data for 1990 earnings are in 1980 dollars and have been adjusted by the change in the Consumer Price Index for the New York Metropolitan Area between 1980 and 1990 as published by the U.S. Bureau of Labor Statistics.

Source: 1980 and 1990 U.S. Census of Population and Housing 5% PUMS; see United States Department of Commerce (1983) and (1993). Author's tabulations.